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IRS Announces Adjusted Plan Limits for 2019

November 5, 2018

The Internal Revenue Service has announced the 2019 limits that affect the operation of tax-qualified retirement plans, including 401(k) plans, and certain other types of employee benefit plans, including deferred compensation plans that may be subject to Internal Revenue Code §409A. The amount by which the limits are adjusted each year is based on a cost of living index. Not all limits increase every year.

The Social Security (OASDI) taxable wage base, which governs the amount of pay subject to Social Security tax withholding and affects plans that are "integrated" with Social Security, also is subject to adjustment annually. For 2019, the OASDI taxable wage base has been increased to $132,900.

Adjusted Limits

Limits increased from 2018 in red

Provision	2019 Limit
Maximum 401(k) Contributions	$19,000
Maximum Compensation Limit	$280,000
Highly Compensated Employees *Earning (in previous year) more than*	$125,000
Key Employee Compensation Limit	$180,000
Annual Contribution Limit for Defined Contribution Plans	$56,000
Annual Benefit Limit for Defined Benefit Plans	$225,000
SIMPLE Plan Limit	$13,000

Age 50 and Older Catch-Up Contribution Limit *All plans other than SIMPLE Plans* *SIMPLE Plans*	 $6,000 $3,000
Annual Contribution Limit for Section 457 Deferred Compensation Plans (government and tax-exempt organizations)	$19,000
ESOP *Maximum account balance subject to five-year distribution period* *Each dollar amount of in excess of account balance that adds one year to distribution period*	 $1,130,000 $225,000
Simplified Employee Pension Plans (SEPs) *Contributions must be made for employees earning at least*	 $600
409A Minimum Specified Employee (Officer) Compensation Requirement	$180,000
409A Involuntary Separation Pay Exception	$560,000

If you have questions about this alert, please contact a member of your Cooley team or one of the attorneys listed from the compensation & benefits group.

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